

BOSTON REDEVELOPMENT AUTHORITY

THIRD AMENDMENT TO THE REPORT AND DECISION ON THE APPLICATION OF SUBSIDIARIES OF FRIENDS OF POST OFFICE SQUARE, INC., FOR THE AUTHORIZATION AND APPROVAL OF A PROJECT UNDER MASSACHUSETTS GENERAL LAWS CHAPTER 121A, AS AMENDED, AND CHAPTER 652 OF THE ACTS OF 1960, AS AMENDED AND FOR CONSENT TO THE FORMATION PURSUANT TO SAID CHAPTER 121A OF AN URBAN REDEVELOPMENT CORPORATION UNDER THE NAME POST OFFICE SQUARE REDEVELOPMENT CORPORATION FOR THE PURPOSE OF UNDERTAKING AND CARRYING OUT THE PROJECT UNDER SAID CHAPTER 121A

A. Prior Proceedings. Reference is made to the "Report and Decision on the Application of Subsidiaries of Friends of Post Office Square, Inc., for the Authorization and Approval of a Project under Massachusetts General Laws Chapter 121A, as Amended, and Chapter 652 of the Acts of 1960, and for Consent to the Formation pursuant to said Chapter 121A of an Urban Redevelopment Corporation for the Purpose of Undertaking and Carrying Out the Project" adopted by the Boston Redevelopment Authority (the "Authority") at a meeting held May 10, 1984. Said report and decision was amended by a First Amendment to Report and Decision, dated April 3, 1986, and by a Second Amendment to Report and Decision, dated October 22, 1986. The report and decision, as amended by said first and second amendments, is hereinafter referred to as the "Report and Decision". Capitalized terms not defined herein shall have the meanings set forth in the Report and Decision.

B. Amendment to Application. By a Third Amendment to the Application, dated May 20, 1988 (the "Third Amendment"), the applicants have sought authorization and approval from the Authority for certain amendments to the Report and Decision. A copy of the Third Amendment is attached hereto as Exhibit A.

C. Authority Action. At a meeting of the Authority on May 26, 1988, in the offices of the Authority, at the New City Hall, Room 921, Boston, Massachusetts 02201, the Authority considered the Third Amendment. Robert L. Farrell, Chairman of the Authority, and Joseph J. Walsh, James K. Flaherty, Clarence J. Jones and Michael E. Donlan, members of the Authority, were present at the meeting. In acting upon the requests for approval of the Third Amendment and for an appropriate amendment to the Report and Decision, the Authority has considered the Third Amendment and all documents and exhibits filed therewith or referred to therein, and the records of the Authority with respect to the Project made prior to the Third Amendment.

The Report and Decision is hereby amended to the extent necessary to reflect the Third Amendment to the Application,

which is hereby approved. More particularly, the Authority hereby acts as follows:

1. The Authority hereby determines that the Third Amendment does not constitute a fundamental change, and that any noncompliance of the same with the Authority's Rules and Regulations is immaterial and therefore waived.

2. The Authority hereby approves the following updated description of the Project. The Project will consist of an underground parking garage with approximately 1,400 parking spaces on up to seven levels, and a surface level public park. Not fewer than 850 parking spaces shall be available for use by the general public. Subject to the appropriate approvals of the Public Improvement Commission, the Project Area may include subsurface areas in Congress, Franklin, Pearl and Milk Streets, as well as the sidewalk areas now or hereafter abutting the project site. Rates for parking in the new parking garage shall be established from time to time by the Corporation at not less than the market rate for comparable parking in downtown Boston, subject to the provisions of Section 5 of the Development Agreement and any other public approvals.

3. The Authority hereby amends Section 1.2 of the Development Agreement for the Project, to extend by three months the time for demolition of the existing garage, by substituting "nineteen (19) months after the Acquisition Date" in place of "sixteen (16) months after the Acquisition Date". The Authority further hereby approves the revised schedule for completion of the Project attached hereto as Exhibit A, which revised schedule shall constitute Exhibit A of the Development Agreement.

4. The Authority hereby determines that in view of the Authority's review and approval of plans for the Project pursuant to Chapter 121A and the Development Agreement the Project may deviate from Article 27D and Article 31 of the Boston Zoning Code without substantially derogating from the intent and purposes of such Articles, and that the provisions of such Articles shall not apply to the Project. The Corporation shall enter into a Transportation Access Plan Agreement of the type described in Article 31 with the Boston Transportation Department.

5. The Authority hereby determines that where the Report and Decision is inconsistent with the updated

Financing Plan for the Project submitted to the Authority for approval on or about the date hereof (the "Financing Plan"), the terms of the Financing Plan shall govern and shall apply as if set out in the Report and Decision.

6. The Authority hereby determines that the Project Area shall revert to the City as provided in a certain deed dated February 26, 1987, from Post Office Square Redevelopment Corporation to the City of Boston (the "Deed"), which Deed is recorded with the Suffolk County Registry of Deeds at Book 13450, Page 240, and that the reference in the Deed to "some number of years after the retirement of all short and long-term debt" shall mean:

that point in time when all debt secured by the Project or incurred in connection therewith, including any refunding or refinancing of the same, has been repaid; and the Corporation has received from the Project net income sufficient to (a) redeem any preferred stock of the Corporation in accordance with the terms of such stock (at a price not greater than the amount paid for such stock), and to pay any accrued dividends or other amounts due to be paid to the holders of any such preferred stock, and (b) in the event of a foreclosure, deed in lieu of foreclosure, or any other action taken by a mortgagee of the Project on account of the Corporation's failure to pay its debts when due, to repay an amount equal to any costs incurred in connection with such action and funds invested by such mortgagee or its successor as equity, and a commercially reasonable return on such investment, taking into account such foreclosure or other action and the facts existing at the time of such investment.

7. The Authority hereby acknowledges that from and after the date hereof Friends of Post Office Square, Inc. shall be deemed to be the "Applicant" for the Project for all purposes.

D. Effect on Environment. The Authority hereby finds that is approval of the Third Amendment will have no impact on the environment.

Except to the extent inconsistent herewith, all findings, determination, approvals and consents as set forth in the Report and Decision are hereby ratified and confirmed.

THIRD AMENDMENT TO APPLICATION FOR APPROVAL TO CARRY OUT A PROJECT IN BOSTON, MASSACHUSETTS UNDER MASS. G.L. c. 121A, AS AMENDED, AND STAT. 1960, c. 652, AND FOR CONSENT TO THE FORMATION OF POST OFFICE SQUARE REDEVELOPMENT CORPORATION

The undersigned (the "Applicant") hereby amend their Application dated November 14, 1983, as previously amended by a First Amendment to Application dated December 23, 1985, and a Second Amendment to Application dated October 17, 1986 (collectively, the "Application") to the Boston Redevelopment Authority (the "Authority") pursuant to the provisions of Mass. G.L. c. 121A, as amended ("Chapter 121A"); the provisions of Stat. 1960, c. 652 and the rules and regulations of the Authority, as provided below. The subject of the Application is the Post Office Square Redevelopment Project (the "Project"), which was approved by the Authority in its report and decision on the Application dated May 10, 1984, as amended by a First Amendment to the Report and Decision dated April 3, 1986 and a Second Amendment to the Report and Decision dated October 22, 1986. The report and decision, as amended by said first and second amendments, is hereinafter referred to as the "Report and Decision". Capitalized terms not defined herein shall have the meanings set out in the Application.

1. The Applicant hereby requests that the Authority approve the following updated description of the Project. The Project will consist of an underground parking garage with approximately 1,400 parking spaces on up to seven levels, and a surface level public park. •Not fewer than 850 parking spaces shall be available for use by the general public. Subject to the appropriate approvals of the Public Improvement Commission, the Project Area may include subsurface areas in Congress, Franklin, Pearl and Milk Streets, as well as the sidewalk areas now or hereafter abutting the project site.

2. The Applicant hereby requests that the Authority amend Section 1.2 of the Development Agreement for the Project, to extend by three months the time for demolition of the existing garage, by substituting "nineteen (19) months after the Acquisition Date" in place of "sixteen (16) months after the Acquisition Date". The Applicant further requests that the Authority approve the revised schedule for completion of the Project attached hereto as Exhibit A, which revised schedule shall constitute Exhibit A of the Development Agreement.

3. The Applicant hereby requests that the Authority determine that in view of the Authority's review and approval of plans for the Project pursuant to Chapter 121A and the Development Agreement the Project may deviate from Article 27D and Article 31 of the Boston Zoning Code without

substantially derogating from the intent and purposes of such Articles, and that the provisions of such Articles shall not apply to the Project. The Corporation shall enter into a Transportation Access Plan Agreement of the type described in Article 31 with the Boston Transportation Department.

4. The Applicant further requests that the Authority determine that where the Report and Decision is inconsistent with the updated Financing Plan for the Project submitted to the Authority for approval on or about the date hereof (the "Financing Plan"), the terms of the Financing Plan shall govern and shall apply as if set out in the Report and Decision.

5. The Applicant further requests that the Authority determine that the Project Area shall revert to the City as provided in a certain deed dated February 26, 1987, from Post Office Square Redevelopment Corporation to the City of Boston (the "Deed"), which Deed is recorded with the Suffolk County Registry of Deeds at Book 13450, Page 240, and that the reference in the Deed to "some number of years after the retirement of all short and long-term debt" shall mean:

that point in time when all debt secured by the Project or incurred in connection therewith, including any refunding or refinancing of the same, has been repaid; and the Corporation has received from the Project net income sufficient to (a) redeem any preferred stock of the Corporation in accordance with the terms of such stock (at a price not greater than the amount paid for such stock), and to pay any accrued dividends or other amounts due to be paid to the holders of any such preferred stock, and (b) in the event of a foreclosure, deed in lieu of foreclosure, or any other action taken by a mortgagee of the Project on account of the Corporation's failure to pay its debts when due, to repay an amount equal to any costs incurred in connection with such action and funds invested by such mortgagee or its successor as equity, and a commercially reasonable return on such investment, taking into account such foreclosure or other action and the facts existing at the time of such investment.

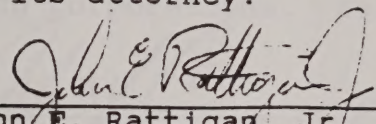
6. The Applicant consists of three wholly-owned subsidiaries of Friends of Post Office Square, Inc., which subsidiaries intend to dissolve, with their functions being assumed by Friends. The Applicant requests that the Authority acknowledge that from and after the date hereof Friends of Post Office Square, Inc. shall be deemed to be the "Applicant" for the Project for all purposes.

EXECUTED, ^{as of} this 20th day of May, 1988.

By subsidiaries of

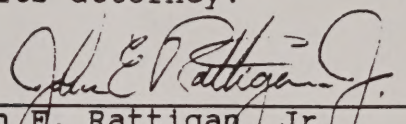
FRIENDS OF POST OFFICE SQUARE, INC.

PROGRAMS FOR PARKING, INC.
By its attorney:



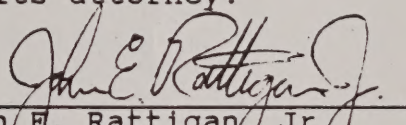
John E. Rattigan, Jr.
PALMER & DODGE

PARKING IMPROVEMENTS, INC.
By its attorney:



John E. Rattigan, Jr.
PALMER & DODGE

BETTER TRAFFIC, INC.
By its attorney:



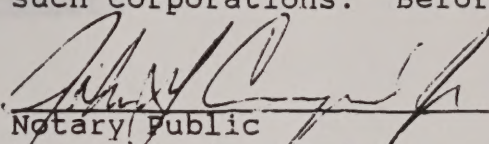
John E. Rattigan, Jr.
PALMER & DODGE

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss:

May 22, 1988

Then personally appeared the above named John E. Rattigan, Jr., attorney for PROGRAMS FOR PARKING, INC., PARKING IMPROVEMENTS, INC., and BETTER TRAFFIC, INC., and, being duly sworn, acknowledged the foregoing instrument to be his free act and deed on behalf of such corporations. Before me


Notary Public
My commission expires:

March 29, 1990

This construction schedule gives a general idea of the sequence of events which will have been obtained in sufficient time to start of construction. This schedule is a "Down" method of construction and is subject to change. Alternative construction methods would probably not delay the completion of the project, but they might postpone the start of the park's construction.

October 1988 Start of Demolition of the Existing Facility

March 1989 Start of Slurry Wall Construction

October 1989 Completion of Slurry Wall Construction
Start of Excavation

October 1990 Completion of Excavation
Start of Park Construction

November 1990 Completion of Access

October 1991 Completion of Park

EXHIBIT A

POST OFFICE SQUARE
PARK AND GARAGE PROJECT

CONSTRUCTION SCHEDULE

This construction schedule presumes that all approvals will have been obtained in sufficient time to permit an October, 1988 start of construction. This schedule also assumes that a "Top/-Down" method of construction will be utilized. Alternative construction methods would probably not delay the completion of the garage, but they might postpone the start of the park's construction.

October 1988	Start of Demolition of the Existing Facility
March 1989	Start of Slurry Wall Construction
October 1989	Completion of Slurry Wall Construction Start of Excavation
October 1990	Completion of Excavation Start of Park Construction
December 1990	Completion of Garage
Summer 1991	Completion of Park

POST OFFICE SQUARE REDEVELOPMENT PROJECT

FINANCING PLAN

May 20, 1988

Total Project Cost ¹ \$ 82,000,000

SOURCES

Debt ²	\$ 51,228,000	
Preferred Equity ³	\$ 29,250,000	
Common Stock	\$ 1,052,000	
Rent from existing garage	<u>\$ 470,000</u>	<u>\$ 82,000,000</u>

DEBT FUNDING AND REPAYMENT

It is contemplated that the \$51,228,000 Debt will initially be funded by a bullet loan, which will bear interest at market rates (now projected at 10.5%) for a term of 5 to 10 years. The Corporation shall be entitled to refund or refinance the debt from time to time during the first fifteen years after completion of construction of the Project, subject to the following limitations:

- (a) Any such refinancing shall be at generally prevailing market rates for similar loans, and
- (b) The proceeds of any such refinancing shall be limited to an amount necessary to repay existing financing for the Project, to pay all costs associated with such refinancing, and to pay for any repairs or replacements to the Project which may be approved by the Authority. Any such refinancing may require principal amortization and may include a reserve for redemption of preferred stock on the terms described herein.

¹As shown on Schedule A.

² The Mortgage Loan Facility will contain a provision permitting the borrower to increase the amount of the loan up to a total of \$60,000,000 to cover unanticipated construction, development and operating cost overruns.

³As detailed on Schedule C.

On or before the expiration of fifteen years after completion of construction of the Project, the Corporation shall refinance the Project debt to provide for permanent financing which would result in full amortization of principal, and shall include building a reserve for redemption of preferred stock on the terms described herein. The terms of such permanent financing will be as selected by the City and the Authority from a list of commercially reasonable alternatives prepared by or on behalf of the Corporation and presented to the City and the Authority. In the event that the City and the Authority do not select a single option from such list by notice to the Corporation within fourteen (14) days after request to do so, the Corporation shall make such selection. The intent of this provision is to provide the City and the Authority with the opportunity to influence, to the extent the Corporation determines that a choice is available, decisions such as length of term of the debt (recognizing that such decision will influence the City's annual return) and whether to provide a payment to the City from refinancing proceeds.

Any other refinancing of the Project debt shall require the prior approval of the Authority and the City.

A pro forma income and expense statement is attached as Schedule B.

Rates for parking in the new parking garage shall be established from time to time by the Corporation at not less than the market rate for comparable parking in downtown Boston, subject to the provisions of Section 5 of the Development Agreement and any other public approvals.

EQUITY

The terms of the equity are set out in Schedule C.

19 May 1988

Friends of Post Office Square, Inc.

Income and Expense Assumptions

	# of Spaces	% of Total	-----Periods-----		Rate	---Turnover---		-----Annual-----		Minimum Increase
			per Year	per Month		per Year	per Month	per Year	per Month	
Gross Income										
Monthly	550	39%	12 months	3335.00		1.0 /month		\$23.52 /month		5.0%
Daily L/T			250 days	24.00		1.0 /day		1.68 /day		5.0%
Daily S/T	940	67%	250 days	16.25		1.5 /day		1.14 /day		5.0%
Evening L/T	100	7%	12 months	120.00		1.0 /month		8.40 /month		5.0%
Evening S/T	150	11%	250 days	7.00		1.0 /day		0.49 /day		5.0%
Sat. & Holiday	900	64%	63 days	5.00		1.0 /day		0.35 /day		5.0%
Sunday			52 days							
Total	1,400									

Annual Increase

	Amount	Rate	Annual Increase
Operating Expenses			
Salaries & Wages	\$302,241 (1988)		6%/year
Garage Operations	\$161,660 (1988)		5%/year
MVAC	\$400,000 (1988)		5%/year
Garage Mgt. Fee	\$77,150 (1988)		5%/year
Bldg Repair/Main.	\$114,513 (1988)	2.50% of Gross Inc.	5%/year
Bldg Insurance			
Park Maintenance	\$250,000 (1991)		5%/year

Per Share Rate Shares

	Amount	Per Share	Rate	Shares
Valuation	\$41,200,000			
Hard Costs	\$41,200,000			
Total Project	\$82,000,000			

Friends' Equity

P. O. Sq. Garage Rent	\$470,000			
Preferred - equity	\$29,250,000	\$65,000	8.00%	450
Debt 1-7 Years	\$51,228,000		10.50%	
Debt 8-14 Years	\$51,228,000		11.00%	
Debt 15-34 Years	\$51,228,000		11.00%	

**Condensed Income and Expense Statement
(in 000's unless otherwise indicated)**

Potential Gross Income	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Monthly	\$2,211.0	\$2,409.0	\$2,508.0	\$2,673.0	\$2,871.0	\$2,970.0	\$3,135.0	\$3,333.0	\$3,498.0	\$3,597.0
Daily Short-Term	5,728.1	6,130.0	6,531.8	6,933.7	7,335.5	7,737.4	8,139.2	8,546.2	8,973.5	9,422.2
Evening Long-Term	144.0	156.0	162.0	174.0	186.0	192.0	204.0	216.0	228.0	234.0
Evening Short-Term	262.5	281.3	300.0	318.8	337.5	356.3	375.0	393.7	412.5	430.0
Sat. & Holiday	283.5	297.7	326.0	340.2	368.6	382.7	406.9	425.3	443.4	467.8
Less: Vacancy & Collect	\$8,629.1	\$9,273.9	\$9,827.9	\$10,439.6	\$11,098.6	\$11,638.4	\$12,250.1	\$12,895.4	\$13,551.4	\$14,170.9
	2,567.3	686.5	366.0							
EFFECTIVE GROSS INCOME	\$6,061.9	\$8,587.4	\$9,461.9	\$10,439.6	\$11,098.6	\$11,638.4	\$12,250.1	\$12,895.4	\$13,551.4	\$14,170.9
Operating Expenses										
Salaries & Wages	360.0	381.6	404.5	428.7	454.5	481.7	510.6	541.3	573.7	608.2
Garage Operations	187.1	196.5	206.3	216.6	227.5	238.8	250.8	263.3	276.5	290.3
HVAC	463.1	486.2	510.5	536.0	562.8	591.0	620.5	651.6	684.1	718.3
Garage Management	151.5	214.7	236.5	261.0	277.5	291.0	306.3	322.4	338.8	354.3
Bldg Repair & Main.	89.3	93.8	98.5	103.4	108.6	114.0	119.7	125.7	132.0	138.6
Bldg Insurance	132.6	139.2	146.2	153.5	161.1	169.2	177.6	186.5	195.9	205.6
TOTAL OPERATING COSTS	\$1,383.6	\$1,511.9	\$1,602.5	\$1,699.3	\$1,791.9	\$1,885.7	\$1,985.5	\$2,090.7	\$2,201.0	\$2,315.3
Sec. 10 Payments to City										
Valuation (1%)	412.0	412.0	412.0	412.0	412.0	412.0	412.0	412.0	412.0	412.0
Gross Income (5%)		303.1	429.4	473.1	522.0	554.9	581.9	612.5	644.8	677.6
	\$412.0	\$715.1	\$841.4	\$885.1	\$934.0	\$966.9	\$993.9	\$1,024.5	\$1,056.8	\$1,089.6
First Franklin	529.4	529.4	529.4	529.4						
NET FROM OPERATIONS	\$3,736.9	\$5,831.0	\$6,488.6	\$7,325.9	\$8,372.7	\$8,785.7	\$9,270.7	\$9,780.2	\$10,293.7	\$10,766.1
Less: Debt Service	5,378.9	5,378.9	5,378.9	5,378.9	5,378.9	5,635.1	5,635.1	5,635.1	5,635.1	5,635.1
Plus: Capitalized Interest	4,232.0	2,150.4	1,505.9	682.5						
Cash Flow After Debt	\$2,590.0	\$2,602.5	\$2,615.6	\$2,629.4	\$2,993.7	\$3,150.7	\$3,635.6	\$4,145.1	\$4,658.6	\$5,131.0
Less: Preferred Dividends	2,340.0	2,340.0	2,340.0	2,340.0	2,340.0	2,340.0	2,340.0	2,340.0	2,340.0	2,340.0
Less: Federal Taxes					163.4	163.4	163.4	163.4	163.4	163.4
CASH FLOW	\$250.0	\$262.5	\$275.6	\$289.4	\$653.7	\$810.7	\$1,295.6	\$1,805.1	\$2,318.6	\$2,627.6
Park Maintenance	250.0	262.5	275.6	289.4	303.9	319.1	335.0	351.8	369.4	387.8
Parks and Recreation						149.2	215.6	309.4	408.0	507.2
General Funds of Boston						37.3	112.6	487.8	882.0	1,278.7
TOTAL PAYMENTS TO CITY	412.0	715.1	841.4	885.1	934.0	1,153.4	1,322.2	1,821.7	2,346.8	2,875.5
ADDITIONAL DATA:										
Gross Income Growth		7.5%	6.0%	6.2%	6.3%	4.9%	5.3%	5.3%	5.1%	4.6%
Vacancy & Collect Rate	40%	10%	5%							

Condensed Income and Expense Statement
(in 000's Unless Otherwise Indicated)

	2005	2010	2015	2020	2025	2030	Total
Potential Gross Income							
Monthly	\$4,620.0	\$5,907.0	\$7,590.0	\$9,702.0	\$12,474.0	\$15,708.0	\$282,645.0
Daily Short-Term	12,025.3	15,347.7	19,588.0	24,999.8	31,906.8	40,722.1	732,775.6
Evening Long-Term	300.0	384.0	492.0	630.0	804.0	1,026.0	18,396.0
Evening Short-Term	562.5	712.5	900.0	1,162.5	1,462.5	1,875.0	33,618.8
Sat. & Holiday	567.0	737.1	963.9	1,247.4	1,587.6	2,041.2	36,288.0
	<u>\$18,074.8</u>	<u>\$23,088.3</u>	<u>\$29,533.9</u>	<u>\$37,741.7</u>	<u>\$48,234.9</u>	<u>\$61,372.3</u>	<u>\$1,103,723.4</u>
Less: Vacancy & Collect							
	<u>\$18,074.8</u>	<u>\$23,088.3</u>	<u>\$29,533.9</u>	<u>\$37,741.7</u>	<u>\$48,234.9</u>	<u>\$61,372.3</u>	<u>\$1,100,103.6</u>
EFFECTIVE GROSS INCOME							
Operating Expenses							
Salaries & Wages	813.9	1,089.1	1,457.5	1,950.5	2,610.2	3,493.0	23,116.3
Garage Operations	370.5	472.9	603.6	770.3	983.1	1,254.7	57,197.3
HVAC	916.8	1,170.1	1,493.4	1,906.0	2,432.6	3,104.6	27,502.6
Garage Management	451.9	577.2	738.3	943.5	1,205.9	1,534.3	11,031.9
Bldg Repair & Main.	176.8	225.7	288.0	367.6	469.2	598.8	16,374.6
Bldg Insurance	262.5	335.0	427.5	545.6	696.4	888.8	\$191,895.2
	<u>\$2,992.4</u>	<u>\$3,870.0</u>	<u>\$5,008.4</u>	<u>\$6,483.6</u>	<u>\$8,397.3</u>	<u>\$10,874.3</u>	<u>\$16,480.0</u>
Sec. 10 Payments to City	412.0	412.0	412.0	412.0	412.0	412.0	55,005.2
Valuation (1%)	862.7	1,101.9	1,404.3	1,796.4	2,280.9	2,911.5	\$71,485.2
Gross Income (5%)	<u>\$1,274.7</u>	<u>\$1,513.9</u>	<u>\$1,816.3</u>	<u>\$2,208.4</u>	<u>\$2,692.9</u>	<u>\$3,323.5</u>	
First Franklin							
NET FROM OPERATIONS	<u>\$13,807.7</u>	<u>\$17,704.4</u>	<u>\$22,709.2</u>	<u>\$29,049.8</u>	<u>\$37,144.7</u>	<u>\$47,174.5</u>	<u>\$834,605.6</u>
Less: Debt Service	6,433.0	6,433.0	6,433.0	6,433.0			6,190.3 (net @ 7%)
Plus: Capitalized Interest							
Cash Flow After Debt	<u>\$7,374.8</u>	<u>\$11,271.4</u>	<u>\$16,276.2</u>	<u>\$22,616.8</u>	<u>\$37,144.7</u>	<u>\$47,174.5</u>	
Less: Preferred Dividends	2,340.0	2,340.0	2,340.0	2,340.0	2,340.0	2,340.0	
Less: Federal Taxes	163.4	163.4	163.4	163.4	163.4	163.4	
CASH FLOW	<u>\$4,871.4</u>	<u>\$8,768.1</u>	<u>\$13,772.9</u>	<u>\$20,113.4</u>	<u>\$34,641.4</u>	<u>\$44,671.2</u>	
Park Maintenance	495.0	631.7	806.3	1,029.0	1,313.3	1,676.2	
Parks and Recreation	903.6	1,622.8	2,525.8	3,696.4	6,412.3	8,272.7	
General Funds of Boston	2,864.4	5,741.3	9,353.3	14,035.5	24,899.2	32,340.7	
TOTAL PAYMENTS TO CITY	<u>5,042.8</u>	<u>8,878.1</u>	<u>13,695.5</u>	<u>19,940.3</u>	<u>34,004.4</u>	<u>43,936.9</u>	<u>596,386.8</u>
ADDITIONAL DATA:							
Gross Income Growth	4.8%	4.8%	5.2%	5.0%	5.7%	5.4%	
Vacancy & Collect Rate							

Schedule C

POST OFFICE SQUARE REDEVELOPMENT PROJECT

Equity Financing

A. 450 Shares of Preferred Stock (25 Shares/Unit)

1. 18 units of \$1,625,000 each.
2. Total equity: \$29,250,000.
3. Payment: 10% upon subscription; the balance upon start of construction.
4. Dividend: 8% cumulative, non-compounding dividend. 8% return, payable from capitalized reserves and earnings. (Dividends mandatory to extent earned, after payment of all costs of operating and maintaining park and garage and contributions to reserves.)
5. Parking Rights: Each unit will consist of 25 shares of preferred stock. Each share will carry with it the right to one monthly parking pass at market rate. The right to park must be renewed annually by the shareholders, and failure to do so (after appropriate notice) will result in a termination of the monthly parking right.
6. Call: Corporation may redeem preferred shares in whole or in part, beginning 25 years after original issuance at original purchase price.
7. Put: Owner may cause Corporation to redeem its shares 35 years after original issuance at original purchase price.
8. Transferability - Anti-Profiteering Provision: For first 10 years, Corporation has the right to repurchase any shares being offered for sale at par. Thereafter, shares are transferable upon due notice to the Corporation. The Corporation may require the transferor to furnish a Security Laws Opinion.

B. Marketing and Placement of Equity

1. Scope of Offering: The placement will be a private offering, limited to a small number of qualified investors.
2. Placement Fees: None.
3. Over-subscriptions of preferred shares will be equitably reallocated under the offering plan, however the Corporation will reserve the right to reject any subscription in whole or in part.

M E M O R A N D U M

JUNE 9, 1988

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: WILLIAM D. WHITNEY, ACTING ASSISTANT DIRECTOR FOR
URBAN DESIGN AND DEVELOPMENT
SHIRLEY MUIRHEAD, SENIOR LANDSCAPE ARCHITECT
PAMELA WESSLING, DEPUTY ASSISTANT DIRECTOR FOR
URBAN DESIGN AND DEVELOPMENT

SUBJECT: REQUEST FOR APPROVALS FOR POST OFFICE SQUARE PARK,
INCLUDING THIRD AMENDMENT TO THE REPORT AND DECISION ON
CHAPTER 121A PROJECT, SELECTION OF A PARK DESIGNER,
FINAL FINANCING PLAN, AND TEMPORARY TRANSPORTATION
MANAGEMENT PROGRAM

SUMMARY: In accordance with the Chapter 121A Report and Decision and the Development Agreement for the Post Office Square Park project, the Authority is requested to approve the selection of a park designer, a final financing plan, and a temporary transportation management program. In addition, the Authority is requested to approve a Third Amendment to the Report and Decision on the Post Office Square Chapter 121A Corporation.

On May 10, 1984 the Authority issued a Report and Decision pursuant to the provisions of M.G.L. c. 121A and St. 1960, C. 652, as amended, consenting to the formation of Post Office Square Redevelopment Corporation as an urban redevelopment corporation for the purpose of carrying out a project in Boston. The project consists of the acquisition of a parcel of land in the financial district containing approximately 1.56 acres and bounded by Congress, Franklin, Pearl and Milk Streets, the demolition of the public parking garage now located thereon, and the construction of a new underground parking garage and grade level park. The Report and Decision was approved by the Mayor on October 4, 1984, was filed with the Clerk of the City on January 17, 1986, and was amended by a First Amendment to Report and Decision dated April 3, 1986, which was approved by the Mayor on June 5, 1986 and filed with the City Clerk on June 6, 1986. The First Amendment provided for a development agreement among the City, the Authority, and the Post Office Square Redevelopment Corporation. The Report and Decision was subject to a Second Amendment dated October 22, 1986, which was approved by the Mayor and filed with the City Clerk on November 7, 1986. The Second Amendment enabled the Corporation to carry out the terms of a settlement with the lessee of the project area.

June 9, 1988

The Development Agreement was executed on January 29, 1987. Among other things, the Development Agreement 1) outlines a process for the design of the park and garage, including decision points for approvals by the Post Office Square Redevelopment Corporation and the Authority; 2) requires that the Corporation work cooperatively with the City and the Authority as the Corporation formulates a project financing plan and that the Corporation submit the financing plan to the City and the Authority for their approval; 3) requires that the Corporation submit a temporary transportation management plan with mechanisms to accomodate parkers displaced by construction of the project.

As development of the project has progressed and plans have become more specific since the 1984 Report and Decision, the need has arisen for a Third Amendment to the Report and Decision. The Third Amendment addresses minor design changes, a revised development schedule, and the financing plan.

The purpose of this memorandum is to seek the Authority's approval of a Third Amendment to the Chapter 121A Report and Decision, along with the Authority's approval of the selection of the park designer, a financing plan, and a temporary transportation management plan.

Park Designer

The Development Agreement outlined a process whereby a Park Design Review Committee would conduct a competition to select a park designer. The selection of the winner is subject to the approval of the Post Office Square Redevelopment Corporation and the Authority.

In March of 1987 the Mayor of Boston appointed an 11-member Park Program Committee. The Committee's principal charge was to recommend an appropriate program of requirements for this landmark park to be located above a seven-level below-grade parking garage. The program was then presented at an open public forum and received approvals from both the Board of Directors of the Post Office Square Redevelopment Corporation and the Boston Redevelopment Authority.

In July of 1987 the Mayor appointed an 11-member Design Review Committee to run a design competition. The Committee selected ten park designers and invited them to respond to competition guidelines. Three finalists -- The Halvorson Company, Carol R. Johnson & Associates, Inc., and Hanna/Olin, Ltd. -- were selected by the Committee. The Authority and the Post Office Square Redevelopment Corporation ratified the selection in March of 1988.

June 9, 1988

Subsequent to the decision of the Authority, the Park Review Committee conducted a public forum to present the proposals and to receive comments from the general public. In addition, the Committee visited the designers' offices and interviewed the three finalists prior to selecting the winner. On May 12, 1988 the Committee voted to recommend to the Corporation and the Authority that the Halvorson Company receive the commission to design the park. On May 17, 1988 the Corporation approved of the selection.

The Halvorson Company is eminently qualified to carry out the commission. Founded in 1980 by Craig Halvorson and located in Boston, the firm recently assisted the City of Boston with the Open Space Assessment and Plan. They also designed and supervised construction of many projects, including the landscape at Tent City, the 75 State Street Central Court, Front Park on the East Cambridge Riverfront, Market Landing Park in Newburyport, and the Rochester Central Business District in Rochester, New Hampshire. The plan submitted by The Halvorson Company is attached as Exhibit A.

Financing Plan

On March 10, 1988 the Authority approved a preliminary financing plan for the project. The financing plan estimated a total project cost of \$77.5 million, including \$60 million for construction, \$15 million of capitalized interest expenses, and \$2.5 million of miscellaneous financing fees.

The proposed funding for the project was to be provided by approximately \$54.5 million of taxable municipal bonds and up to \$23 million of equity. This equity was to be obtained through the issuance of preferred stock which would carry an 8% cumulative non-compounded dividend. Shareholders would also be entitled to obtain a monthly parking pass at prevailing market rates.

The final financing plan proposed by the Corporation has changed slightly from the preliminary plan. Project costs have increased to \$82 million to include a 10 percent contingency. More significantly, the ratio of debt to equity has changed in a manner beneficial to the City's interests. The equity to be raised from shareholders has increased from \$23 million to \$29.25 million as a result of a favorable response from potential investors. Consequently, the debt required has been reduced from

June 9, 1988

\$54.5 million to \$51.65 million. In addition, the debt will initially be funded by a bullet loan, rather than the taxable municipal bonds as contemplated in the preliminary financing plan.

As previously, the City will receive all revenues of the project, with the exception of financing costs, and garage and park operating expenses. Financial plan information is attached as Exhibit B.

Temporary Transportation Management Program

In accordance with the Development Agreement, the Corporation has submitted a Temporary Transportation Management Program, outlining mechanisms to minimize impact on parkers which results from the closing of the existing garage. The Boston Air Pollution Control Commission and staff from the Boston Transportation Department and the Authority have reviewed the program and find it acceptable. The program includes advance notification to parkers, establishment of a movable transportation kiosk to rotate amongst lobbies of adjacent buildings and to provide information on alternative modes, including van pools. In addition, 10 spaces will be made available at the 75 State Street garage and up to 15 spaces at other sites in order to accomodate displaced parkers who switch to van pools.

Third Amendment to Chapter 121A Report and Decision

The Third Amendment to the Chapter 121A Report and Decision addresses minor design changes, a revised development schedule, and the financing plan.

The Authority will remain involved in the review of the Post Office Square Park and Garage as plans progress for the park, and the garage. In addition the Corporation will submit a Transportation Access Plan for review and approval by the City of Boston Transportation Department. Construction of the garage is anticipated to commence in October of 1988, and garage should be open to the public by the end of 1990. The park will be completed in 1991.

We have reviewed the documents submitted for the Post Office Square Park and Garage and recommend that the Authority approve the selection of The Halvorson Company for park designer, the preliminary financing plan, and the temporary transportation management program. In addition, we recommend the adoption of the Third Amendment to the Chapter 121A Report and Decision.

June 9, 1988

Appropriate votes follow:

- VOTED: That the Authority hereby approves the Park Design Review Committee's selection of The Halvorson Company as the Post Office Square Park designer; and further
- VOTED: That the Authority hereby approves the final financing plan for the Post Office Square Park and Garage, which includes the issuance of preferred stock in accordance with the terms of the financing plan; and further
- VOTED: That the Authority hereby approves the temporary transportation management program proposed by the Post Office Square Redevelopment Corporation; and further
- VOTED: That the documented presented of this meeting entitled "Third Amendment to the Report and Decision on the Application of Subsidiaries of Friends of Post Office Square, Inc. for the Authorization and Approval of a Project under Massachusetts General Laws Chapter 121A, as Amended, and Chapter 652 of the Acts of 1960, as Amended, and for Consent to the Formation pursuant to said Chapter 121A of an Urban Redevelopment Corporation Under the Name Post Office Square Redevelopment Corporation for the Purpose of Undertaking and Carrying Out the Project under said Chapter 121A," does not propose a fundamental change in the Project, that any non-compliance of same with the Authority's Rules and Regulations is immaterial and therefore waived and that the same be and hereby is approved and adopted.

Participants in Park Design

Square Redevelopment Corporation

Directors

Leventhal, Chairman
Brown
Freche
amill
Johnson, 3d
McCall, Jr.
Pyle
Sidman
Young

Review Committee

B. Leventhal, Chairman
lark
onnolly
beth Harris
Goody
ng Jung
otte Kahn
ne Liff
Mitchell
n Morris, III
ley Muirhead

Design Competitors

and Rowe
role R. Johnson & Associates, Inc.
T/Childs Bertman Tseckares & Casendino, Inc.
e Halvorson Company, Inc.
anna/Olin, Ltd.
argreaves Associates
an Wheelock, Inc.
Office of Dan Kiley
WPA/William Pressley & Associates, Inc.
Wimmer Yamada & Associates



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
RAYMOND L. FLYNN

June 1, 1988

Mr. Robert Farrell
Chairman
Boston Redevelopment Authority
One City Hall Plaza
Boston, MA 02201

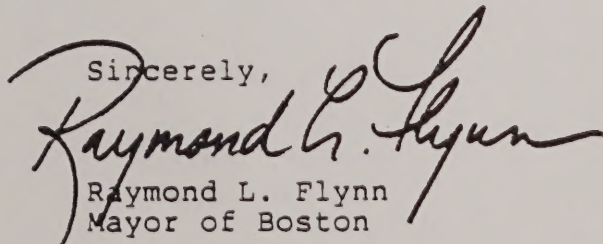
Dear Chairman Farrell:

Having recently had the chance to view the park design submissions for Post Office Square, I am very pleased to learn that the Post Office Square Design Review Committee has recommended the Halvorson Company as designer of this new park.

The Friends of Post Office Square and the members of Design Review Committee should be commended for the way they have conducted this exciting park design competition. It is not surprising that such a well run competition produced strong design submissions including three excellent finalists. The Post Office Square park program and design selection process should be considered a national model for park design competitions.

I urge you and the other members of the Boston Redevelopment Authority Board of Directors to confirm the Post Office Square Design Review Committee's choice of The Halvorson Company as park designer by vote at your next meeting and to join me in congratulating the Friends of Post Office Square for their efforts to date.

Sincerely,


Raymond L. Flynn
Mayor of Boston

Fowler, Goedecke, Ellis & O'Connor

Incorporated

265 Franklin Street
Boston, Massachusetts 02110
(617) 439-4141

May 31, 1988

Mr. Robert L. Farrell
Chairman
Boston Redevelopment Authority
1 City Hall Square
Boston, MA 02201

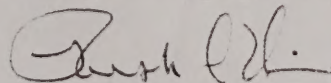
RE: Post Office Square Garage
Boston, Massachusetts

Dear Mr. Farrell:

This letter is to inform you that Fowler, Goedecke, Ellis & O'Connor, Inc. has reviewed the proposed Post Office Square Garage project. This process included meetings with officials of the Friends of Post Office Square, their accountants and attorneys, as well as reviews of the feasibility study, proforma financials, and the proposed financing plan. Our firm has also been involved in arranging financing for the Dock Square Garage and the Harbor Towers Garage.

In our opinion the financing plan has been well structured with a substantial amount of equity proposed to be injected. Additionally, the project has very high quality sponsorship along with an excellent location. Based on this review and our previous experience in financing this type of property, we feel that the debt financing objective for this project of some \$51,228,000 in first mortgage funds should be attainable. Should you have additional questions we would be pleased to respond.

Very truly yours,



Ralph L. Ellis

RLE/hjc

